

MEMORANDUM FOR: Comptroller

1 FEB 1957

FROM : Chief, Finance Division

SUBJECT : Support for Disbursements of Confidential Funds

REFERENCE : Proposed [REDACTED]

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1. In accordance with our discussion, in order to strengthen control over expenditure of confidential funds, it is recommended that paragraph 6e of reference regulations be deleted and a new paragraph 7 be substituted therefore as follows:

"7. SUPPORT FOR DISBURSEMENT OF FUNDS

a. GENERAL

Receipts shall be submitted with accountings for advances to substantiate each disbursement in excess of \$15. When receipts are not submitted, the employee shall be required to furnish such detail, consistent with security considerations, as may be required by the certifying officer. Failure to submit receipts, other than in accordance with the exceptions listed below, shall place upon the employee the burden of proving that such evidence was not obtained for security or operational reasons, could not be obtained, was lost, or destroyed. The certifying officer may require the employee to furnish satisfactory justification for failure to submit receipts and the employee will not be privileged to withhold such information from the certifying officer without furnishing in writing a specific recommendation of the operating official concerned approved by the Deputy Director or his designee. In his discretion, the certifying officer may accept a certificate from the employee, approved by the approving officer concerned, to the effect that receipts were not submitted for reasons of security or operational necessity. Ordinarily receipts shall not be required in the following instances:

- (1) Disbursements of such a nature that receipts are not obtained, were not obtainable, or the details thereof would jeopardize the security of the operation.
- (2) Disbursements for which receipts are not normally issued in accordance with established business practice.
- (3) When receipts were obtained but were lost or destroyed due to circumstances beyond the control of the employee, and substantiating information can be presented to the satisfaction of the certifying officer relative to the absence of receipts and the amount of the disbursements.

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Proposed [REDACTED]
to [REDACTED]

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(4) Disbursements not exceeding \$15, or equivalent value.

b. SPECIAL OPERATIONAL DISBURSEMENTS

To assure maximum accuracy in accounting for special operational disbursements such as subsidies or other payments to persons or organizations in circumstances wherein the Agency does not exercise direct control over use of funds the principles for control of funds indicated in the following will be observed, except in those cases wherein the chief of the responsible division or staff certifies that such procedure is not operationally feasible or may not be followed for security reasons:

- (1) Receipts to be executed by the non-agency person receiving funds shall be prepared in duplicate by the Finance Officer or other official agency custodian of funds.
- (2) The receipt shall be printed or typed in such form, and language as is consistent with cover of the operation on bank stock, heavy white bond or other suitable paper as will make changes or alterations after preparation difficult and obvious.
- (3) An identifying number or mark shall be placed on both the original and duplicate of the receipt. The duplicate shall be retained by the finance officer or other official custodian for comparison with and authentication of the original upon its return after execution.
- (4) The Agency representative delivering the funds shall obtain acknowledgement of receipt of the funds from the non-agency recipient by appropriate signature in ink. The executed receipt shall be returned to the Finance Officer or other official custodian of funds as soon as possible.

c. RESPONSIBILITY OF OFFICERS APPROVING WITHHOLDING, DESTRUCTION, OR FAILURE TO OBTAIN RECEIPTS

In addition to the responsibilities of approving officers as set forth in Regulation [REDACTED] officers approving the withholding, destruction or failure to obtain receipts in accordance with a. above, and Chiefs of Divisions and Staffs authorizing non-compliance with the procedure under b above for reasons of security or operational necessity, are charged with undertaking such measures as they deem appropriate and adequate to assure that disbursements have been effected in the amounts and for the purposes claimed. Such measures, among others, should include such of the following actions as are operationally feasible and appropriate in the circumstances:

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- (1) Specifically examine the nature and amount of undocumented disbursements to determine that they are consistent with the known requirements of the operation.
- (2) Arranging for the transfer of funds to be accomplished in the presence of a witness who will furnish a certification that the funds were passed.
- (3) Take steps to assure that the ultimate recipient of funds is advised by a source other than the person who is to transfer funds of the amount to be received.
- (4) Utilize operational contacts and sources independent of the person transferring funds to establish the amount of funds transferred."

Distribution:
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